

**MANITOBA
OPPORTUNITIES FUND
LIMITED**

**Annual Report
March 2006**



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LIMITED**

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Manitoba 

MANITOBA OPPORTUNITIES FUND LIMITED

Financial Statements
March 31, 2006

Manitoba 



**MINISTER OF COMPETITIVENESS,
TRAINING AND TRADE**

Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour
The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
405 Broadway Avenue
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for the Manitoba Opportunities Fund Limited for the fiscal year ending March 31, 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Smith". The signature is written in a cursive style with a large, looping "S" and "M".

Scott Smith
Minister

Manitoba



Competitiveness, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4
T 204-945-7626 F 204-945-1193

Honourable Scott Smith
Competitiveness, Training and Trade
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Smith:

It is our pleasure to submit the Annual Report of the Manitoba Opportunities Fund Limited for the fiscal year ended March 31, 2006, as required by Section 67 of the Financial Administration Act.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "H. Eliasson".

Hugh Eliasson
Chairperson

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BDO Dunwoody LLP s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Board of Directors of
THE MANITOBA OPPORTUNITIES FUND LTD.

We have audited the balance sheet of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2006 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 31, 2006

Manitoba



Competitiveness, Training and Trade
Manitoba Development Corporation
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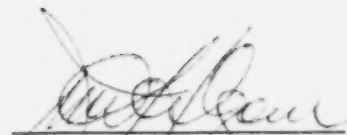
THE MANITOBA OPPORTUNITIES FUND LIMITED

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies and procedures are established and respected.

BDO Dunwoody LLP have free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.



James F. Kilgour, C.A.
General Manager



Kristine Seier, CMA
Secretary-Treasurer

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THE MANITOBA OPPORTUNITIES FUND LTD.
Balance Sheet

March 31

2006

2005

Assets

Current Assets

Short-term investments (Note 2)
Accrued interest receivable

\$ 7,940,089	\$ 4,252,558
35,935	12,182
7,976,024	4,264,740

Long-term investments (Note 3)

64,419,838	32,339,066
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Deferred charges

4,039,380	2,349,340
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\$ 76,435,242	\$ 38,953,146
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Liabilities and Equity

Current Liabilities

Accounts payable and accrued liabilities

\$ 559,454	\$ 2,500
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Long-term debt (Note 4)

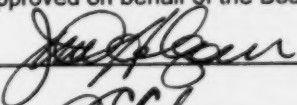
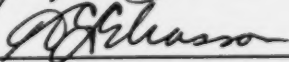
74,876,561	38,618,867
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Retained Earnings

999,227	331,779
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\$ 76,435,242	\$ 38,953,146
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Approved on behalf of the Board:

 _____	Director
 _____	Director

THE MANITOBA OPPORTUNITIES FUND LTD.

Statement of Income and Retained Earnings

For the year ended March 31	2006	2005
(with comparative amounts for the fifteen months ended March 31)		
Investment Income	\$ 2,024,500	\$ 573,311
Expenses		
Amortization of deferred charges	790,002	239,032
Professional fees	10,272	2,500
Program administration	25,231	-
	<u>825,505</u>	<u>241,532</u>
Operating income for the period	1,198,995	331,779
Growing Through Immigration Strategy Support (Note 5)	531,547	-
Net income for the period	667,448	331,779
Retained earnings, beginning of period	331,779	-
Retained earnings, end of period	\$ 999,227	\$ 331,779

THE MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

For the year ended March 31	2006	2005
(with comparative amounts for the fifteen months ended March 31)		
Cash Flows from Operating Activities		
Net income for the year	\$ 667,448	\$ 331,779
Adjustments for		
Amortization of deferred charges	790,002	239,032
Increase in present value of long-term investments	(1,851,652)	(526,575)
	(394,202)	44,236
Changes in non-cash working capital balances		
Accrued interest receivable	(23,753)	(12,182)
Accounts payable and accrued liabilities	556,955	2,500
	139,000	34,554
Cash Flows from Investing Activities		
Purchase of long-term investments	(30,229,121)	(31,812,491)
Cash Flows from Financing Activities		
Advances from long-term debt	33,777,652	36,030,495
Increase in cash equivalents during the period	3,687,531	4,252,558
Cash equivalents, beginning of period	4,252,558	-
Cash equivalents, end of period	\$ 7,940,089	\$ 4,252,558

THE MANITOBA OPPORTUNITIES FUND LTD.

Summary of Significant Accounting Policies

March 31, 2006

Basis of Accounting	The company's financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.
Revenue Recognition	Interest revenue on short-term investments is recorded on an accrual basis. Investment income on long-term investments is determined by the difference in the present value of the term note and the cost of the term note.
Contributed Services	During the year, the Province of Manitoba provided office space and other administrative services to the company at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.
Deferred Charges	Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.
Short-Term Investments	Short-term investments are carried at cost, which approximates market value. Funds available for investment are invested with the Province of Manitoba.
Financial Instruments	The company's financial instruments consist of accrued interest receivable, short and long-term investments, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
Long-term Investments	Long-term investments are recorded at cost which represents the discounted value of the term notes. Over time, the value of the long-term investments increase equal to the effective interest rates on the term notes. The increase in the present value of the long-term investments during the year is recorded as an increase in the long-term investments and as investment income.

THE MANITOBA OPPORTUNITIES FUND LTD.

Summary of Significant Accounting Policies

March 31, 2006

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash Equivalents

Cash equivalents consists of short term investments with a term to maturity of 90 days or less.

THE MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

March 31, 2006

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the company) was incorporated under the laws of Manitoba on April 3, 2003. The company was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Immigrant Investor Program.

The object of the company is to hold and invest the Provincial allocation of immigrant's investments made through the Federal Department of Citizenship and Immigration Canada's (CIC) Immigrant Investor Program. The Federal Immigrant Investor Program seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN \$800,000 and make an investment of CDN \$400,000. The funds invested are distributed among participating Provinces. After five years, the company returns the Provincial allocation of the \$400,000 investment, without interest, to the CIC who then returns the funds to the individual investors who have become permanent residents. However, prior to approval and issuance of a Permanent Resident's Visa an investor may withdraw from the program and CIC will request that the company repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the company invests the Provincial allocation funds for a period of five years and uses the interest income generated on the funds to create jobs and help the Manitoba economy grow.

The company is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the long-term debt payable to the Federal Government.

2. Short-term Investments

The short term investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba.

3. Long-term Investments

The long-term investments are made up of several 5 year zero coupon term notes which Manitoba Opportunities Fund Ltd. purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from January 2009 to March 2011. The effective interest rates range from 3.35% to 4.35% payable at the end of the 5 year term.

THE MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

March 31, 2006

4. Long-term Debt

	<u>2006</u>	<u>2005</u>
Government of Canada	<u>\$ 74,876,561</u>	<u>\$ 38,618,867</u>

The long-term debt represents the Provincial allocation of immigrant's investments repayable to the Federal Government five years after the Federal Government has distributed these funds to the Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being distributed to the Manitoba Opportunities Fund Ltd.

Principal repayments for the next five years are:

2007	\$ -
2008	-
2009	1,897,286
2010	39,020,182
2011	<u>33,959,093</u>
	<u>\$ 74,876,561</u>

5. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	<u>2006</u>
Business Settlement Office	68,647
Internationally Educated Engineers Qualification Program	120,000
Transfers to the Department of Labour and Immigration	<u>342,900</u>
	<u>\$ 531,547</u>

6. Related Party Transactions

The Fund paid \$93,878 (2005 - \$NIL) made up of program administration costs of \$25,231 and Growing Through Immigration Strategy Support transfers of \$68,647 to the Manitoba Development Corporation, which operates under control of a common Board of Directors.

